

South Tuen Mun Government Secondary School
BAFS_PA_DSE_I_2013

Name: _____

Class: _____ ()

3. For each of the independent situations described below, state the accounting principle or concept that has been violated and give a brief explanation.

- (a) The owner of a firm, Mr Chan, bought a pearl necklace worth \$85 000 for his wife with a firm's cheque. The bookkeeper recorded the transaction as follows: (3 marks)

	Dr.	Cr.
	\$	\$
Sundry expenses	85 000	
Bank		85 000

- (b) The owner of a firm, Miss Lee, bought a notebook computer of \$12 000 for office use. She heard from the dealer that its market value at that time was \$14 000. The bookkeeper recorded the transaction as follows: (3 marks)

	Dr.	Cr.
	\$	\$
Office equipment	14 000	
Bank		12 000
Gain on purchase of office equipment		2 000

5. David is a sole proprietor who keeps records of his cash and bank transactions in a three-column cash book. The balances in the cash book as at 1 January 2013 were: cash \$12 680 and bank overdraft \$30 980. In addition, a petty cash imprest amount of \$2000 was maintained on that date. Transactions made in January 2013 were as follows:

2013

- Jan 2 Received a cheque from a customer, Lung, who was given a cash discount of 2½% to settle his account of \$150 000. The cheque was banked on the same day.
- 5 Paid a 20% deposit by cheque for the purchase of a motor van costing \$200 000. The balance was to be paid on delivery two weeks later.
- 7 Received a cheque of \$190 000 from Hilly Company as commission for work done.
- 14 Cash amounting to \$8790 from sales were deposited into the bank directly.
- 17 David withdrew \$3200 from the cash box to pay his son's school fees.
- 19 Paid the balance of the motor van purchased on 5 January by cheque.
- 24 Settled Kam Kee's account of \$35 000 by cheque, with a cash discount of 3%.
- 28 Withdrew \$9000 from the bank and put the money in the cash box for business use.
- 30 Paid wages of \$10 000 in cash and \$20 000 by cheque.
- 31 Petty cash had a balance of \$205. The petty cash imprest amount was replenished with cash.

Write up a three-column cash book for January 2013.

(8 marks)

